

Case study



Customer: Stilling
Location: Reykjavík, Iceland
Industry: Retail, auto parts
Software: AS400

Company Profile

Established in 1960, Stilling operates a central warehouse and six retail stores specializing in auto parts. They provide their customers with quality service at a countrywide level. They are a family owned company and are among the oldest in the field on the Icelandic market.

Challenges

- Complicated purchasing process.
- Increasing distribution costs due to an inefficient purchasing process.
- Complex combination of product items.
- High stock levels in the central warehouse.

Solutions

- Reduced distribution costs.
- Reduced workload within the purchasing process.
- Specially designed order proposals to fit the needs of store managers.
- Ad hoc solution designed especially for the spare part industry.



AGR Dynamics is a supply chain planning specialist offering solutions that optimise the flow of goods throughout the supply chain for distribution, retail and manufacturing companies. The AGR solution increases profits by eliminating unnecessary costs from the supply chain. It uses raw data from any ERP system and automatically selects the best-fitting forecasting method to estimate future demand.

For more information go to:
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Reducing costs in the auto-parts Industry

“AGR Dynamics has been able to solve a lot of our inventory management issues, especially regarding our purchasing process. Their solution has enabled us to save both time and money on distribution and inventory levels.”

Júlíus Bjarnason, managing director at Stilling.

Business needs

Stilling is a service orientated company and emphasizes professionalism. They constantly seek ways to increase the quality of service provided to customers. Simply having products on stock is not enough; the goal is to have exactly the right amount available at the right time. To achieve this, store managers were spending too much time on the purchasing process. Orders were being placed up to 2 or 3 times each day leading to far too high distribution costs. Stilling wanted to introduce more automation to the purchasing process in order to reduce their distribution costs and workload produced by product ordering. Increasing efficiency in inventory management, lowering stock levels and increasing stock turnover ratios were also important factors.



Addressing the problem

Their current ERP system, the AS400 is good at simplifying and synchronizing multiple tasks throughout the organization. After viewing an introduction from AGR, Stilling realized that their ERP system could not solve their inventory management issues to the same extent as the AGR solution. After doing a requirements analysis with AGR, a process was designed to address the specific needs and problems facing Stilling.

Specially designed forms

Now, AGR runs automatic order proposals for all stores each day after business hours. The information is then displayed the following morning in a simple order proposal, as store managers only have around 30 minutes each morning to review them and place orders with the central warehouse. These forms were specially designed by AGR for Stilling. Order proposals are only generated for items sold the previous day, and are categorized into A and B items. A items are automatically ordered and B items get special attention with store managers before ordered. This has made the purchasing process much more efficient and reduced workload.

Ad hoc solutions

Additionally, AGR Dynamics designed an ad-hoc solution for retailers selling auto parts. The system shows specific information on product items, such as which car models each spare part belongs to and if similar spare parts can be used from other vendors. “AGR Dynamics has been able to solve a lot of our inventory management issues. Their solution has enabled us to save time and money and we are able to serve our customers in a better way” says Júlíus.